



Ninety – Sixth Legislature – First Session – 1999
Introducer's Statement of Intent
LB 807

Chairperson: Senator William R. Wickersham
Committee: Revenue
Date of Hearing: February 17, 1999

The following constitute the reasons for this bill and the purposes which are sought to be accomplished thereby:

This legislation proposes to amend the Employment and Investment Growth Act (LB 775) by establishing eligibility requirements for the workers whose employment will qualify a company to receive the tax benefits available under the act.

Currently, a qualified business can receive the benefits by a qualifying investment of at least three million dollars and the hiring of at least thirty new employees.

As proposed here, the new employees to be hired, in order to count toward that qualification requirement, would have to have an average salary of at least one hundred and twenty-five percent of the average annual pay for all Nebraska workers as determined by the Bureau of Labor Statistics of the United States Department of Labor as such pay is adjusted by the Employment Cost Index for the Midwest as determined by Bureau as of the date of the application of the business entity.

The average annual pay is computed by dividing the total annual pay of all employees covered by unemployment insurance programs by the average monthly number of those employees in the state. Monthly employment is computed based on the number of workers who worked during or received pay for the pay period including the 12th of the month. Workers on paid vacations and part-time workers are also included.

The employment cost index is a measure of the change in the cost of labor. It is made up of two components: the wage and salary series and the benefit cost series. Each quarter, straight-time average hourly wage and salary rates and benefits cost data (on a cents-per-hour-worked basis) are collected from a national probability sample of approximately 19,000 occupations within over 4,500 sample establishments in private industry and nearly 4,200 occupations within 800 sample establishments in state and local governments. The Midwest ECI includes data on the twelve states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

This bill would establish for the first time the sort of jobs that we wish to encourage through this economic incentive legislation. If we are to use the tax revenue raised by our citizens to bring in new growth and business opportunity, we should at least insist that the sort of jobs created will be well-paying and have a significant impact on our state and local economies.

Principal Introducer:

Senator D. Paul Hartnett